BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's Own Motion into Competition for Local Exchange Service.	Rulemaking 95-04-043 (Filed April 26, 1995)
Order Instituting Investigation on the Commission's Own Motion into Competition for Local Exchange Service.	Investigation 95-04-044 (Filed April 26, 1995)

Staff Report on the November 17, 2003 Collaborative Workshop on Batch Hot Cut Processes

Pursuant to discussion with ALJ Pulsifer on November 24, 2003, Telecommunications Division Staff (TD staff) is filing its Report on the Collaborative Workshop on Batch Hot Cut Processes for the FCC's Triennial Review Order one day late.

I. Background & Summary

As required by ALJ Ruling of October 8, 2003, TD staff is jointly filing and serving this report regarding the collaborative workshop (workshop) on proposed batch hot cut processes that the California Public Utilities Commission (Commission) must consider for the FCC's Triennial Review Order (TRO). The Commission is tasked with approving, within nine months, a batch cut migration process to be implemented by incumbent LECs that addresses all facets of hot cut processes that are to be used to migrate end users off of the unbundled local switching elements.

The stated goal of the workshop was for parties to seek consensus and narrow areas of dispute as to appropriate batch hot cut processes necessary for migration of the embedded base on UNE-P customers to a UNE-L environment. (See Workshop Agenda attached as Attachment A) If resolution was reached on an issue, the need for evidentiary hearings, on that issue, would be obviated and

the Commission could focus resources on other important issues for the nine-month phase of the TRO. Unfortunately, neither the technical or procedural goals, as set forth in the workshop agenda, have been met. TD staff was unable to record any agreements between the ILEC and CLEC communities regarding the batch hot cut processes proposed by SBC or Verizon.

The primary reasons for non-agreement, in the case of the SBC proposal, was that SBC had not finalized any of their three proposed batch hot cut processes. SBC does plan to finalize these processes on December 15, 2003. As evidenced by comments in the workshop and post-workshop comments of participants, the CLEC community was not willing to commit to any agreements without finalized proposals from SBC.

For the Verizon proposal, the primary reasons for non-agreement was that Verizon's batch hot cut process has not been finalized with respect to the California market – and, that Verizon is relying upon existing hot cut processes to scale to potential anticipated migration volumes. Although Verizon's processes are acknowledged to be robust in other states, CLECs noted that there is limited competitive experience in Verizon's California territory. Accordingly, the CLEC community was not willing to commit to any agreements based on Verizon's proposal.

The only point of agreement of the workshop appears to be that procedural issues are gong to drive the substantive/technical schedule of the nine-month proceeding. Although batch hot cut processes are on a separate track from mass market switching issues, it was envisioned that there would be limited joint evidentiary hearings on both tracks to address issues that were not addressed and disposed of in workshops. Because there were no agreements in this workshop and because ILEC batch hot cut processes have not been finalized, TD staff believes that it will be necessary for the Commission to reconsider the schedule for the nine-month phase of the TRO.

II. Goals/Results of the Workshop

Within nine months of the effective date of the TRO, state commissions must approve a batch cut migration process. (Order ¶¶ 488-490) This workshop had the goal that at a minimum, would allow parties to come to agreement on any technical and economic issues involving ILEC batch hot cut processes for transitioning the embedded base of UNE-P customers to a UNE-L environment under the schedule prescribed by the FCC. The ten specific technical/economic issues that TD staff planned to address in the workshop, and that were contained in the workshop agenda, are briefly discussed below. Also, attached as Attachments

B and C are table summaries of SBC's and Verizon's current proposals for batch hot cut processes.

Should batch processes be market specific or statewide? Both SBC and Verizon proposals would necessarily cover specific markets where a finding of no impairment is made and CLECs must transition the embedded base of UNE-P customers. However, due to the centralized and electronic nature of the systems underlying batch processes, it is possible that the processes would be available statewide. There was some discussion relating how batch processes would be initiated at unmanned central offices but no resolution was reached. (Transcript at 2449)

What is the appropriate volume of loops in the batch? No agreement was reached on the issue of the appropriate number of loops that can be cut in a batch process. SBC proposed specific maximum numbers of loops per day/CLEC/wire center for each of their batch processes. (See Attachment B) Verizon did not propose specific maximum numbers of loops for their existing hot cut and proposed batch cut processes. (See Attachment C and Transcript at 2414)

What is the appropriate cut-off for multi-line DS0 customers? The appropriate cut-off for multi-line DS0 customers was addressed by multiple parties during the workshop. SBC operated on the assumption of the TRO's default cutoff of three or four DS0s. Under this assumption, SBC proposes that the Commission's decision on the definition of mass market would be the same definition used in the batch cut process. SBC expressly did not propose using the FCC default for batch cut process but instead used the default as an operating assumption for purposes of explanation. SBC did however state that on December 12, 2003, it would make a formal proposal of the appropriate cut-off.

What are the specific technical procedures to be employed in the batch cut processes? No agreements were reached on the specific technical processes to be employed by SBC and Verizon in their respective batch processes.

Are there scale efficiencies that result from using batch processes - and is the process rapidly scalable to meet market volumes? No agreements were reached on scale efficiencies or scalability of either SBC's or Verizon's batch processes.

Is the proposed batch process cost-effective? No agreements were reached on issues regarding the cost effectiveness of the batch processes as this issue was not expressly addressed in the workshop.

Can the batch process timely transition the embedded base of customers in the period required by the FCC? The issue of the effectiveness of the proposed or to-be-proposed batch cut processes was debated during the workshop. Both SBC and Verizon assert their proposed batch cut processes will be sufficient to transition the embedded base of customers in the period required by the FCC. Multiple CLECs asserted that the proposed or to-be-proposed batch cut processes do not or will not have mechanisms in place to handle potentially large batches of embedded customers either from individual CLECs or multiple CLECs operating off of a single MDF. Neither Verizon nor SBC had a proposal that addressed the ordering of different batch cuts (from the same or different CLECs) if those cuts exceed their capacity on any given day at any given central office. Covad asserted that SBC has not proposed how to address line-splitting and line sharing arrangements. SBC believes that line-splitting is distinct from the rest of the batch cut processes and should be addressed in the venue of multi-state collaboratives before being introduced into California's TRO proceeding.

Do the proposed batch processes need to be tested? MCI asserted that CLECs will need to update their own software and do additional testing from any performed by LECs. SBC did not specifically address testing. AT&T asked Verizon if it had plans to test an example of 100,000 additional UNE-P migrations. In response Verizon stated they had looked at AT&T's Falcone testimony and did not believe it was feasible.

Do the proposed batch process need performance-based measures? SBC proposed that the JPSA address the performance measures as they apply to the TRO batch cut process at the beginning of their regularly scheduled meetings beginning January 17, 2004. The JPSA, SBC asserts, is best equipped to address what if any changes to PMs 9 and 9(a) should be made. AT&T pointed out that Verizon does not have performance incentives in California, although it does have performance measures, and that the JPSA process would not be timely enough to meet the times for the nine-month phase of the TRO.

What are the TELRIC-based rates associated with the proposed batch processes? No agreements the issue of rates for batch processes. AT&T asserted that TELRIC based rates were something that needed to be addressed in the final decision, but did not specify when in the proceeding they should be addressed.

III. Other Unresolved Issues

While the goal of the workshop was to facilitate agreements on the technical and economic issues of batch hot cut processes for transitioning the

embedded base of UNE-P customers, there were some allied issues that were discussed that may lend themselves to further workshops. Three major concerns for TD staff are: 1) how to address loop transitions for line splitting serving arrangements, 2) how to address loop transitions for IDLC/NGDLC serving arrangements, and 3) how to address loop transitions associated with churn and real-time hot cut requests. This is not an exhaustive list of concerns but TD staff believes that these topics may be suitable for discussion in further workshops to be scheduled for the week of December 15, 2003.

IV. Procedural Issues

With no substantive agreements made at this workshop, the Commission is now faced with potentially protracted evidentiary hearings to accommodate batch processes and a compressed time schedule to allow for finalized ILEC batch process proposals.

Both SBC and Verizon have made proposals for procedural schedules for the Commission to go forward with the batch hot cut process track of the nine-month phase of the TRO. SBC has proposed a new schedule and Verizon has requested that the batch hot cut process track of the nine-month phase of the TRO be bifurcated to allow for Verizon's proposal and SBC's proposal to proceed on different schedules. (See Attachments E and F) In opposition to any changes to the Commission's ordered schedule for the batch hot cut process track, AT&T, Covad and MCI opine that the compressed schedule suggested by SBC would not allow a full record to be developed. (See Attachment G) Finally, CalTel has requested, that in the absence of a finalized proposal for batch hot cut process from SBC, that the assigned ALJ request Motions for Summary Judgment to determine if SBC's showing for batch processes justifies continued consideration by the Commission in the nine-month phase of this proceeding. (See Attachment H)

V. Attachments

A. Agenda for PUC Collaborative Workshop
B. Matrix of Batch Cut Options for SBC
C. Matrix of Batch Cut Options for Verizon
D. SBC Issues Matrix (distributed at workshop November 17, 2003)
E. Post-Workshop Status Report of SBC
F. Post-Workshop Status Report of Verizon
G. Post Workshop Status Report of CLECs from Bowen Law Group
H. Post Workshop Status Report of CLECs from Morrison and Foerster

I. Post Workshop Status Report of Sage Telecom
J. Post Workshop Status Report of NueStar

Respectfully submitted,

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November 25, 2003